

LICENSE TO CASH CHECKS

A person shall not engage in the business of cashing checks for consideration without first obtaining a license from the Department of Financial Institutions.

The department shall conduct an investigation of each applicant to determine financial responsibility, business experience, character, and general fitness of the applicant. The following information is required:

- A CPA prepared audited or reviewed financial statement showing at least \$100,000 net worth with \$50,000 in liquid assets.
- A criminal record report from the State Police of the State of residence for each owner, partner, or officer and Indiana manager must accompany the application.
- Credit Report for business and/or principals.
- Three reference letters, one must be a financial institution.
- If a corporation, a copy of Certificate of Authority to do business in Indiana from the Secretary of State.
- If D/B/A, copy of assumed name certificate from County Recorder.
- Copy of business plan.
- List of other states where operating as a check casher.
- Business resume for the manager, owner, partners, and all officers, as applicable.

The department shall grant the license if it determines that the applicant is financially responsible and has assets of at least \$100,000 available with liquid assets of at least \$50,000 evidenced by a CPA prepared audited or reviewed financial statement, and that the applicant will conduct the business of cashing checks pursuant to the Check Cashing Act. The department may refuse to issue a license if an applicant, who is an individual, has been convicted of a felony.

There is no application fee. A license may be renewed for twelve months upon the filing of a renewal application by July 1st of each year. The license renewal fee is set by the department and is currently \$200.00.

THE INDIANA CHECK CASHER LICENSE APPLICATION IS NOW AVAILABLE ON THE INTERNET.

INDIANA CHECK CASHING ACT IC 28-8-5

The Department of Financial Institutions regulates the business of cashing checks under the Indiana Check Cashing Act, IC 28-8-5.

The act does not apply to supervised financial institutions or to persons engaged in the business of cashing checks if the transaction is incidental to the retail sale of goods or services and the consideration for cashing checks does not exceed the greater of 1% of the face amount of the check or \$1.00.

DEFINITIONS:

- "Check/s" includes a check, draft, money order, or personal money order.
- "Check cashing transaction" means a transaction under the Act in which there is no written or implied agreement to hold the check for more than three (3) business days.
- "Consideration" includes a premium charged for the sale of goods or services in excess of the cash price of the sale of such goods or services.
- "Licensed casher of checks" means a person licensed by the Department of Financial Institutions to engage in business pursuant to the provisions of the Check Cashing Act.
- "Person" means an individual, a partnership, an association, a joint stock association, a trust, or a corporation.

CHECK CASHING REQUIREMENTS

- A licensee must do the following:
- ✓ Conspicuously display a notice to the public at each place of business stating the maximum charges for cashing checks.
 - ✓ Make payment to a customer for whom a check is being cashed upon presentment of the check.
 - ✓ Endorse the name in which the licensee is licensed on all checks before depositing them in a financial institution.
 - ✓ Cash a check made payable only to a natural person as payee unless the licensee has previously obtained appropriate documentation from a payee clearly indicating the authority

of the natural person or persons cashing the check on behalf of the payee.

If a licensee engages in a check cashing transaction in which the amount of the check is at least \$3,000 or in which the sum of the amounts on 2 or more checks from the same customer on the same day total at least \$3,000, the licensee must obtain the thumbprint of the customer or a photograph of both the customer and the check; the full name of the customer; the residence address of the customer; and the identification of the customer by Social Security number, driver's license number, passport number, or other traceable record.

CHECK CASHING FEE LIMITATIONS

A licensee may not charge check cashing fees in excess of the greater of \$5.00 or 10% of the face amount of the check.

KEEPING OF BOOKS, ACCOUNTS, AND RECORDS

A licensee shall keep its books, accounts, and records satisfactory to the department for each transaction for at least 3 years from the transaction date.

The department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance. If the department examines the books, accounts, and records of a licensee, the licensee shall pay an examination fee fixed by the department which is currently \$200 per day after the first examination day.

If the licensee's records are located outside Indiana, the licensee shall either make them available to the department at a convenient location within the state or pay the reasonable and necessary expenses for the department or its representative to examine them at the place where they are maintained.

If the department determines that a reasonable belief exists that a person is operating without a valid license or in violation of the Check Cashing Act, the department may investigate the person.

CIVIL PENALTIES

The department may bring a civil action against a person for violating the Check Cashing Act. (IC 28-8-5). If the court finds that the defendant is guilty of an offense, the court may assess a civil penalty not to exceed \$5,000 per violation.



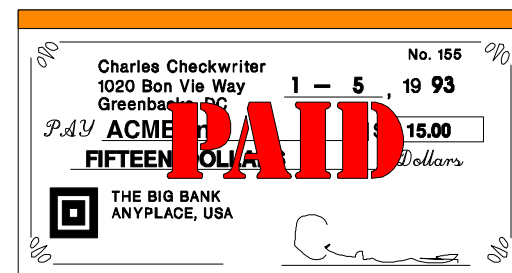
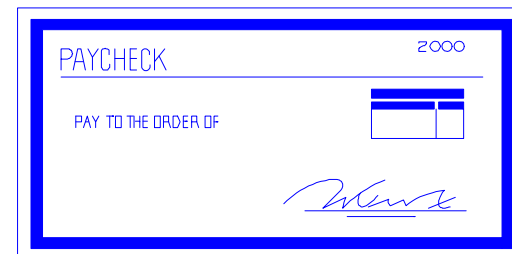
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



CHECK CASHING



DEPARTMENT OF FINANCIAL INSTITUTIONS

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